

**DISCRETELY PRESENTED
COMPONENT UNITS**



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Department of Finance & Administration



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DISCRETELY PRESENTED COMPONENT UNITS

Component Units are those entities which are legally separate government organizations for which the State's elected officials are financially accountable, or other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading. Discretely Presented Component Units consist of the following:

Arkansas Student Loan Authority - ASLA provides guaranteed educational loans to Arkansas students attending eligible post secondary institutions, and serves as a secondary market and liquidity provider to Arkansas lending institutions which originate guaranteed student loans.

Arkansas Development Finance Authority - ADFA provides financing through the issuance of taxable and tax-exempt bonds for housing, industry, local governments, education, agricultural enterprise, health care, infrastructure projects, jails and prisons. ADFA also offers direct loans for housing, small minority businesses, agriculture and exporting.

Discretely Presented Component Units Combining Balance Sheet

June 30, 2001

(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
ASSETS:			
Cash and cash equivalents	\$ 67	\$ 118,419	\$ 118,486
Investments	57,158	1,149,138	1,206,296
Receivables, net:			
Accounts		2,195	2,195
Loans	232,646	394,333	626,979
Investment related	7,549	8,799	16,348
Fixed assets, net	27	487	514
Other assets	<u>3,957</u>	<u>76,397</u>	<u>80,354</u>
TOTAL ASSETS	<u>\$ 301,404</u>	<u>\$ 1,749,768</u>	<u>\$ 2,051,172</u>
LIABILITIES AND RETAINED EARNINGS:			
Liabilities:			
Accounts payable	\$ 1,977	\$ 6,302	\$ 8,279
Accrued and other liabilities		82,008	82,008
Notes payable	7,530		7,530
Revenue bonds payable	271,823		271,823
Special obligation bonds payable		<u>1,510,217</u>	<u>1,510,217</u>
Total Liabilities	<u>281,330</u>	<u>1,598,527</u>	<u>1,879,857</u>
Retained earnings:			
Unreserved	20,074	43,904	63,978
Reserved for bond programs		<u>107,337</u>	<u>107,337</u>
Total Retained Earnings	<u>20,074</u>	<u>151,241</u>	<u>171,315</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 301,404</u>	<u>\$ 1,749,768</u>	<u>\$ 2,051,172</u>

Discretely Presented Component Units

Combining Statement of Revenues, Expenses and Changes in Retained Earnings

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
OPERATING REVENUES:			
Investment earnings	\$ 20,584	\$ 142,438	\$ 163,022
Other	<u>1,255</u>	<u>22</u>	<u>1,277</u>
Total Operating Revenues	<u>21,839</u>	<u>142,460</u>	<u>164,299</u>
OPERATING EXPENSES:			
General and administration	551	24,328	24,879
Interest	12,478	88,083	100,561
Other	<u>4,455</u>	<u>1,345</u>	<u>5,800</u>
Total Operating Expenses	<u>17,484</u>	<u>113,756</u>	<u>131,240</u>
Operating Income	<u>4,355</u>	<u>28,704</u>	<u>33,059</u>
NON-OPERATING REVENUE -			
Grants, entitlements and shared revenues	<u> </u>	<u>13,339</u>	<u>13,339</u>
Total Non-operating Revenue	<u> </u>	<u>13,339</u>	<u>13,339</u>
NET INCOME	<u>4,355</u>	<u>42,043</u>	<u>46,398</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>15,719</u>	<u>109,198</u>	<u>124,917</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 20,074</u>	<u>\$ 151,241</u>	<u>\$ 171,315</u>

Discretely Presented Component Units Combining Statement of Cash Flows

For the Fiscal Year Ended June 30, 2001

(Expressed in Thousands)

	Arkansas Student Loan Authority	Arkansas Development Finance Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income	\$ 4,355	\$ 28,704	\$ 33,059
Adjustments to reconcile operating income to cash used by operating activities:			
Depreciation, accretion and amortization, net	644	(10,645)	(10,001)
Provision for arbitrage rebate	5		5
Net depreciation on investments		(38,631)	(38,631)
Provision for loan loss		5,200	5,200
Changes in operating assets and liabilities:			
Accounts receivable		773	773
Accrued rent receivable		76	76
Loans receivable	(38,082)		(38,082)
Investment related receivable	(3,473)	2,290	(1,183)
Other assets	(279)	290	11
Accounts payable and accrued expenses	(223)	(2,681)	(2,904)
Other liabilities		(3,119)	(3,119)
Net Cash Used by Operating Activities	<u>(37,053)</u>	<u>(17,743)</u>	<u>(54,796)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Net change in note payable	7,530		7,530
Proceeds from issuance of bonds	75,000	211,829	286,829
Repayment of bonds	(17,990)	(178,261)	(196,251)
Payment of debt issuance costs	(740)	(806)	(1,546)
Collection of financing fees		1,076	1,076
Net Cash Provided by Non-Capital Financing Activities	<u>63,800</u>	<u>33,838</u>	<u>97,638</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from grants, entitlements and shared revenues		13,339	13,339
Acquisition of capital assets	(28)		(28)
Net cash provided (used) by capital and related financing activities	<u>(28)</u>	<u>13,339</u>	<u>13,311</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(47,453)	(1,182,847)	(1,230,300)
Proceeds from sales and maturities of investments	42,261	1,070,027	1,112,288
Net increase in short-term investments	(21,518)		(21,518)
Loan disbursements		(37,702)	(37,702)
Principal repayments on loans		71,740	71,740
Capital lease disbursements		(196)	(196)
Direct financing lease disbursements cash flow information		(304)	(304)
Principal repayment on capital leases		7,856	7,856
Net Cash Used by Investing Activities	<u>(26,710)</u>	<u>(71,426)</u>	<u>(98,136)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9	(41,992)	(41,983)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	58	160,411	160,469
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 67</u>	<u>\$ 118,419</u>	<u>\$ 118,486</u>
SUPPLEMENTAL INFORMATION:			
Interest paid	<u>\$ 12,513</u>	<u>\$ 87,178</u>	<u>\$ 99,691</u>
Noncash investing activity - Real estate acquired in settlement of loans	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ 670</u>

